CUE CARD
2011–2012

Hydro-Québec generates, transmits and distributes electricity. It uses mainly renewable energy sources, in particular large hydropower, and supports the development of other generating options—such as wind energy, biomass and small hydro—through purchases from independent power producers. Its transmission and distribution activities are regulated by the Régie de l'énergie. It conducts research and develops new technologies in energy-related fields. It also actively promotes energy efficiency.

Hydro-Québec's sole shareholder is the Québec government, which guarantees most of its borrowings.

KEY ASSETS

Water used to generate **98%** of output	**26** large reservoirs with a storage capacity of **175 TWh**	**36,971 MW** in installed capacity	Average cost of **2.11¢** per kilowatthour

Rates among the lowest in North America

CONSOLIDATED FINANCIAL INFORMATION[1]

(in millions of C$)	2011	2010	2009	2008	2007
OPERATIONS					
Revenue	**12,392**	12,484	12,217	12,646	12,442
Expenditure					
Operations	**2,571**	2,579	2,527	2,502	2,556
Electricity and fuel purchases	**1,224**	1,390	1,207	1,406	1,555
Depreciation and amortization	**2,623**	2,565	2,286	2,316	2,228
Taxes	**866**	909	928	1,093	820
	7,284	7,443	6,948	7,317	7,159
Operating income	**5,108**	5,041	5,269	5,329	5,283
Financial expenses	**2,497**	2,526	2,398	2,443	2,510
Income from continuing operations	**2,611**	2,515	2,871	2,886	2,773
Income from discontinued operations	**–**	–	–	129	25
Net income	**2,611**	2,515	2,871	3,015	2,798
DIVIDEND	**1,958**	1,886	2,168	2,252	2,095
BALANCE SHEET SUMMARY (as at December 31)					
Total assets	**69,637**	66,809	64,318	62,850	61,107
Long-term debt, including current portion and perpetual debt	**42,050**	38,660	37,343	36,415	34,534
Equity	**18,834**	18,566	18,419	18,250	17,206
INVESTMENTS FOR CONTINUING OPERATIONS AFFECTING CASH					
Property, plant and equipment and intangible assets[2]	**3,814**	4,220	4,307	3,954	3,590
FINANCIAL RATIOS					
Interest coverage	**1.99**	1.92	2.11	2.07	2.09
Return on equity (in %)	**14.0**	14.0	16.5	18.1	17.8
Profit margin from continuing operations (in %)	**21.1**	20.1	23.5	22.8	22.3
Capitalization (in %)	**31.0**	32.1	32.6	33.4	33.1
Self-financing (in %)	**47.6**	46.8	41.3	45.7	63.7

1. Certain comparative figures have been reclassified to conform to the presentation adopted in the current year, ended December 31, 2011.
2. Including the Energy Efficiency Plan.

OPERATING STATISTICS AND OTHER INFORMATION

Average rate (decrease) increase from January 1 to December 31 (in %)	**(0.2)**	0.6	1.6	2.7	2.8
Installed capacity (in MW)[1]	**36,971**	36,671	36,813	36,432	35,654
Customer accounts (in thousands)	**4,060**	4,012	3,960	3,913	3,869
Employees as at December 31	**22,501**	23,092	23,090	22,916	23,069

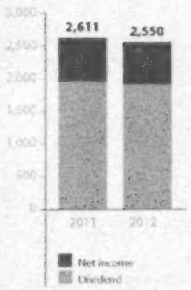
1. In addition to the generating capacity of its own facilities, Hydro-Québec has access to almost all the output from Churchill Falls generating station (5,428 MW) under a contract with Churchill Falls (Labrador) Corporation Limited that will remain in effect until 2041. It also purchases all the output from 12 wind farms (519 MW) and 3 small hydropower plants (23 MW) operated by independent power producers. Moreover, 1,215 MW are available under long-term contracts with other suppliers.

HIGHLIGHTS

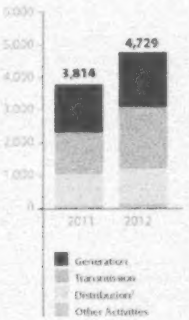
- Return to the global market with a US$1.0-billion debenture issue, maturing on June 30, 2016 and bearing interest at 2.00%. This was Hydro-Québec's second global issue denominated in U.S. dollars; the first was in 2001.
- In the Baie-James region, Eastmain-1-A powerhouse was commissioned. The three units at Sarcelle powerhouse will follow suit in 2012.
- Work on the 640-MW Romaine-2 generating station, scheduled to come on stream in 2014, is proceeding as planned.

FINANCIAL OUTLOOK

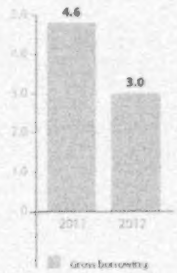
NET INCOME AND DIVIDEND
(in millions of C$)



INVESTMENTS IN PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS[1]
(in millions of C$)



FINANCING NEEDS
(in billions of C$)



1. Including the Energy Efficiency Plan.

HYDRO-QUÉBEC: A QUALITY INVESTMENT

Security	Characteristics of the Debt as at December 31, 2011
Unconditional guarantee by the Québec government on most of Hydro-Québec's debt (debentures, medium-term notes, commercial paper)	Average term: 18.9 years
	Fixed rate: 90.6%
	Floating rate: 9.4%
	Breakdown by repayment currency: C$ 96.9% US$ 3.1%

Credit Ratings as at December 31, 2011

	Long-term debt	Commercial paper
Moody's	Aa2 stable	P-1
Standard & Poor's	A+	A-1+
Fitch Ratings	AA- stable	F1+
DBRS	A (high) stable	R-1 (middle)

For more information, please consult our Web site: **www.hydroquebec.com/financing**
You can also contact the Investor Relations team by e-mail: **rel.inv@hydro.qc.ca**

Ce document est également publié en français.

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